



**Coalition Against
Insurance Fraud**

ADVOCACY • INFORMATION • OUTREACH

Annual Report 2011

Performing With a Purpose

Performing with a Purpose

The unsteady economy hung like a smog cloud over much of America last year. Many forms of insurance fraud remained at unhealthy pollution levels as people's stressed finances bred more swindles, and victims.

Fraud fighters responded vigorously, but the air quality could stay noxious for awhile. At the same time, pressure to cut resources is filtering down to more anti-fraud agencies.

So to maintain the hunt for swindlers at highest impact, fraud fighters must stretch our skills, leadership and resources to their farthest frontiers.

Just consider...This year's annual report theme is *Performing With a Purpose*. It reflects the Coalition's ceaseless pursuit of solutions to America's fraud challenges in 2010.

The Coalition was founded

with a purpose seen nowhere else in America: Unite consumer groups, insurance companies and government agencies against this crime.

This union has earned the Coalition unmatched credibility. America's trust in the Coalition came to bear throughout 2010.

Membership reached an all-time high, with more than 90 organizations now united under the Coalition banner. Among the prestigious organizations that joined in 2010 were Geico, the National Consumers League and SAS Institute.

The Coalition also provided sought-after backing of state fraud bills around the U.S., helping pass several laws that better safeguard consumers and insurers alike.

A major national crime trend was exposed as well...

Heartless marauders hawked worthless health insurance to thousands of Americans. The Coalition struck back with an outreach campaign that earned coast-to-coast headlines. The effort empowered untold numbers of consumers to escape being plundered.

HHS Secretary Kathleen Sebelius sought the Coalition's support when she announced important new Medicare and Medicaid fraud regulations. The Coalition shared the dais with Secretary Sebelius, intently backing more anti-fraud resources.

Fraud fighters bring immense resolve to a shared mission — whether the economy is up, down or just holding steady. We're relentlessly protecting the public wellbeing. It's how we perform...it's our purpose.

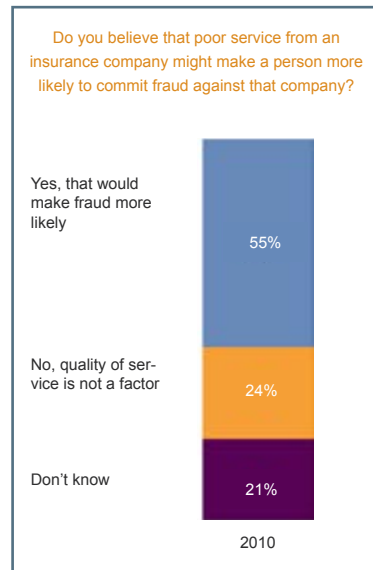
“Things gained through unjust fraud are never secure.” — Sophocles

Insider briefings incite fresh thinking, debate and answers to priority issues

Incubating insight and debate about leading-edge fraud issues is a defining tradition of Coalition board meetings.

Call it business as unusual.

Influential thinkers from government, private industry and academia gave exclusive issue briefings at the Coalition's two



board meetings last year.

One prominent theme: Large numbers of consumers appear

willing to defraud insurers, warns the latest national consumer attitude research.

But many consumers also are concerned about fraud – and say they are willing to step up and take action.

Such leadership-to-leadership idea exchanges are helping shape the debates over priority fraud issues. And they're opening the turnstiles to fresh thinking about strategies for turning the corner on this crime.

Study: Poor service can cause people to bilk insurers

Memo to insurers: Treat people really, really well.

More than half of adult consumers believe poor service can push policyholders and claimants over the edge to defraud insurers, Mike Costonis, executive director of Accenture's insurance practice, said at the December board meeting.

This is especially true of males, younger people and consumers in low-income brackets, Costonis said in presenting the consulting firm's newly released consumer study.

About one of 10 consumers also

“Claims resources are overwhelmed, and consumers don't trust insurers, now more than ever.”

say they know someone who has inflated a claim.

“Claims resources are overwhelmed, and consumers don't trust insurers, now more than ever,” Costonis said.

But encouragingly, the number of people who say padding a claim was unacceptable rose to 84 percent, up from 74 percent in 2003. Slightly more than half say they would report fraud.

AARP members willing to act against health cons

Most AARP members believe health fraud is a big problem and drain on America's economy. But many members also agree they must do something about fraud.

Thus spake a new survey that AARP presented at the December board meeting.

Medicare and Medicaid fraud are major causes of rising health-care costs and a financial drag on U.S. prosperity, agree six of 10 AARP members age 50 or above.

About the same number believe health fraud is increasing, Lance Kilpatrick and Teresa Keenan said in the presentation.

But tellingly, four of five AARP members say they'd turn in their doctor or other medical provider if they suspected fraud.

Feds quickly retooling healthcare fraud fighting

Medicare and Medicaid are rapidly retooling to stem anti-fraud operations that admittedly have allowed swindlers to exploit gaps in the taxpayer-funded health programs, said Marc Smolonsky, assistant deputy director of the U.S. Department of Health and Human Services.

New budget funds will help meet a mandate that the feds install more-sophisticated technology to better detect and prevent schemes, Smolonsky said.



Marc Smolonsky

Strike forces also will expand highly focused fraud investigations to ramp up the heat in as many as 20 new cities over the next several years.

These initiatives, plus enhanced partnerships with the private sector, could save taxpayers billions of dollars, Smolonsky predicted.

Successful lawsuits blow down schemes

State whistleblower laws encourage insiders at dishonest health providers to come forward with vital evidence that can expose the cons and lead to large recoveries of stolen money, Thomas Russell, Maryland's inspector general, argued in a strong defense of the laws. But the claimed successes of

whistleblower laws around the nation are exaggerated and the lawsuits can be unfair to health providers that make honest mistakes, countered Jessica Ellsworth, with the D.C.-based law firm Hogan Lovells.

Whistleblower laws also harm the business climate, Ellsworth said.

“These initiatives... could save taxpayers billions of dollars.”



Thomas Russell



Exposing phony health plans, wiring public outreach

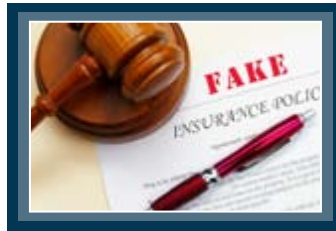
Rx for sick health plans: dose of public exposure

A Colorado woman bought reliable health insurance. So she believed. Then a hit-and-run car crash sent a gravely injured family member to the hospital. He incurred \$43,000 in medical bills before dying. But the luckless woman's so-called health plan was fake. She faced painfully large debts, on top of her grief.

Fake health plans like that one metastasized throughout the U.S.

"There's high unemployment, health premiums are expensive... tens of millions of people have no health coverage. This is an ideal breeding ground for scams."

last year. Swindlers exploited the downturned economy, promising reliable health insurance to cash-strapped consumers. But instead,



peddlers delivered nearly worthless pieces of paper.

The Coalition continually scans for breaking fraud trends. We uncovered this national outbreak early last year, and took the story public with a coast-to-coast consumer-alert campaign.

News outlets throughout the U.S. repeatedly turned to the Coalition as one of the nation's most-informed experts. The Coalition educated consumers how avoid entrapment by smooth cons:

Beware of health coverage that seems too good for the price...Call your insurance department to make sure the plan is licensed, the Coalition warned in news stories and consumer alerts prominently posted on www.InsuranceFraud.org and Facebook.

Exposing fake health plans was a high point of a year that saw the Coalition earn more than 950

stories covering 31 distinct fraud topics.

As for those worthless health plans...more than 200 news outlets that covered the Coalition's urgent warnings. Among them: *The New York Times*, *USA Today*, *Washington Post*, *Wall Street Journal (blog)*, *U.S. News & World Report*, *Good Morning America*, *CNN* and *PBS*.

"There's high unemployment, health premiums are expensive and tens of millions of people have no health coverage. This is an ideal breeding ground for scams," the Coalition said in cover story placed in *USA Today*.

"It's very dangerous out there," the Coalition told *U.S. News & World Report*.

True-life fraud cases make cons come alive

America is a wired nation, and the Coalition continued wiring its outreach efforts in sync with consumers who increasingly connect, talk and learn through the ether.

The explosive power of *Facebook* and *Twitter* became platforms for

Exposing phony health plans, wiring public outreach

reaching the public. Each day, the Coalition engages people in wired dialogue.

And the Coalition's website – www.InsuranceFraud.org – expanded its presence as the nation's preeminent online center of consumer fraud information.

Recounting memorable cases forms another part of the Coalition's online consumer strategy. Showing swindlers in action puts a human face on fraud. Consumers thus will better grasp this crime's large toll.

“Much of the solution to fraud resides in teaching good character to adults and school-age children.”

The annual *Hall of Shame* dishonored America's worst swindlers of 2010. One lowlight: Debra Morris died in a home arson set by Jeffrey Alnutt to steal \$277,000 in insurance money.

The *Fraud of the Month* also humanized cons. Like the unholy

Kansas preacher who betrayed his parishioners by burning down their church for insurance.

The *Odditorium* opened last year. Taking a lighter touch, the *Odditorium* highlights strange schemes that bizarrely bellyflop. A police officer shot himself to lodge a workers compensation claim.

New fraud journal leads leadership thinking

The Coalition launched a leadership journal, the nation's only publication focused on executive-level thinking involving insurance fraud.

The first issue of the *Journal of Insurance Fraud in America* took flight with C-Suite analyses by influential experts.

On youth attitudes: “Much of the solution to fraud resides in teaching good character to adults and school-age children...” wrote Michael Josephson, president of the Josephson Institute of Ethics. “An ethics-based outreach campaign to complement traditional enforcement efforts can...produce a desirable ROI in lower claim costs to insurers.”

On healthcare reform: “The government, for the most part, has moved away from this idea of a partnership, to focus almost exclusively on the impact of fraud on government health-care programs,” warned Kirk Nahra, a leading privacy and health-reform attorney.

On no-fault schemes: “Absent significant reforms, no-fault crime likely will remain a persistent and costly drain on insurers,



regulators and policyholders for years to come... even with better-funded efforts,” concluded a Coalition-written analysis.

Sunshine Alliance clouds no-fault cons

With staged-crash rings driving up auto premiums in Florida, the Coalition worked to build public support for anti-fraud reforms in early 2011 (see *Legislation & Regulation* section). The Sunshine Alliance to Erase Fraud earned

“Honest Florida drivers are being taken for a ride by greedy staged-crash gangs.”

news stories, blogs and editorials throughout the legislative session. And a targeted TV ad campaign generated nearly 200 letters by constituents to their state legislators.

“Honest Florida drivers are being taken for a ride by greedy staged-crash gangs,” Walter Dartland, co-chair of the Sunshine Alliance and Coalition board member, said in the *South Florida Sun Sentinel*. “Urgently needed anti-fraud reforms will turn up the heat on swindlers.”

The statehouse closed in early May with two new fraud reforms on the books. And yet another side-benefit: Legislators and millions of Florida consumers now better-grasp the large toll crash gangs inflict on the state.

Prosecutor of the Year convicts with conviction



Joe Licandro was new on the job as an Assistant State Attorney based in Jacksonville, Fla.

He learned insurance fraud on the run. But the tenacious young fraud prosecutor stirred up courtroom action like a longtime veteran.

By ramping up so much heat, so fast and so effectively, Licandro earned the Coalition’s Prosecutor of the Year Award for 2010.

The award honors insurance prosecutors for courtroom impact and leadership. Injecting infectious energy, Licandro prosecuted 77 cases worth more than \$2 million in just his first year.

He took down an auto-glass firm that had filed nearly 1,000 bogus claims for repairing windshields. He also gutted a ring operating out of a car dealership. The gang was advising dealer customers how to illegally dump unwanted vehicles for insurance payouts.

Licandro also transformed how fraud cases are built in his district. He greatly expanded coordination. More fraud fighters began comparing notes...evidence grew...arrests multiplied...cases sped to court faster...more convictions followed.

His cases are so airtight that many suspects plead guilty rather than take him head-on in court. Licandro convicts with conviction.

States pass fraud laws despite pressure to balance shaky budgets

Cheaters literally were driven to deceive last year, often heisting auto-insurance money with industrial-strength efficiency. Roadblocking staged-crash gangs and other auto schemes thus was a defining theme of last year's legislative campaigns.

Another theme: 33 anti-fraud bills of all kinds were inked into law in 18 states – among the largest totals in recent years.

Lawmakers singled out insurance fraud for attention in many states, despite spending inordinate efforts to balance troubled state budgets. This suggests progress by fraud fighters in heightening awareness of fraud's large social and economic costs.

The Coalition was one of the nation's most visible anti-fraud



Dennis Jay

forces. All told, the Coalition lobbied for bills in 12 states, and testified or gave presentations before 17 states and conferences. Among the focal points of 2010:

“That momentum carried into 2011, when two new no-fault fraud laws went onto the books.”

New Jersey. Drivers were illegally lowering their auto premiums by lying to their insurers about where the drivers garaged their vehicles.

A bill addressing this and other fraud schemes was introduced in late 2010. The Coalition, NICB and Insurance Council of New Jersey met with legislative staff to map out a strategy for passage. The bill now is in play.

Rhode Island. Fraud fighters earned a trifecta: Three Coalition-backed fraud laws went onto the books in 2010.

In yet another state auto-reform effort, body shops now face stiffer penalties for stealing airbags

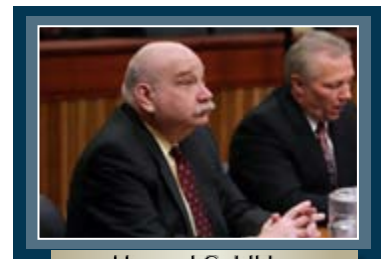
from vehicles to cheat drivers and insurers. The Coalition supported that measure in written testimony.

Insurance personnel such as crooked agents also face stronger criminal sanctions. The Coalition closely advised the sponsor as the bill wound through the statehouse.

And shady medical discount plans were placed under state oversight, with full Coalition involvement.

Florida. Staged-crash rings have crept into most urban areas of Florida in recent years. Fraudulent injury claims have made auto premiums in the state among America's highest.

The Coalition helped convene a



Howard Goldblatt

statewide fraud summit last year. The event drew attention among major decisionmakers about the

extent and high costs of auto-fraud gangs in the Sunshine State – and potential ways to curb auto schemes.

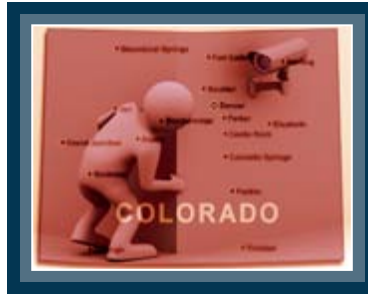
The momentum carried into 2011. Florida's Chief Financial Officer gained authority to civilly fine auto-insurance wrongdoers, and accept grants for auto-fraud investigations and prosecutions. More information about passengers also will be required on police accident reports. These were small gains, but still, another step forward.

“Auto fraud gangs were inflicting too much damage, and much-needed reform bills had stalled in Albany for too many years.”

New York. It's time to re-oxygenate a push in Albany to strike back with new laws leaning hard on staged-crash gangs that are fleecing the Empire State's no-fault auto system.

That was the Coalition's repeated message to legislators, regulators, law enforcement and frontline fraud fighters.

Auto fraud gangs were inflicting too much damage, and much-needed reform bills had stalled in



Albany for too many years.

The Coalition helped build consensus for reforms and provided testimony at a top-tier roundtable and Senate committee hearings, and through ongoing involvement in a larger group working on legislation.

Reform legislation surfaced in early 2011 as the momentum carried over. One cornerstone proposal: Recruiting people into crash schemes – and being a recruiter – would be specific insurance crimes with intimidating penalties. So would staging a crash.

Pennsylvania. Investigators strengthened their ability to jointly pursue cases. Gov. Ed Rendall signed a bill allowing more cooperation on cases among insurers, law enforcement and NICB without exposure to defamation lawsuits.

The Coalition backed the measure with a strong letter to Gov. Rendall in 2010, and earlier in 2009 testimony.

Colorado. Workers comp investigations came under fire with a proposal to greatly limit video surveillance of suspicious claimants in the state.

Insurers would've been open game for fraudulent workplace injury claims if surveillance was unfairly limited.

The Coalition advised state fraud fighters about effective responses, and opposed the bills in letters to the leadership of key statehouse committees. The proposal failed as opposition mounted.

“Insurers would've been open game for fraudulent workplace injury claims if surveillance was unfairly limited.”

Trendwatch: budget crisis

Many states and municipalities face budget crisis. They're insistently seeking ways to prune costs. Cutting back anti-fraud efforts could well be among the

“Louisiana’s fraud bureau lost two investigators last year. Budget cutters are trying to slash the Minnesota fraud unit’s budget fully 50 percent.”

attempted money-saving moves.

Louisiana’s fraud bureau lost two investigators last year. Budget cutters are trying to slash the Minnesota fraud unit’s budget fully 50 percent.

The Lawrence, Mass. anti-fraud task force was gutted. And the Arizona fraud bureau was eviscerated several years ago.

Fraud fighters increasingly will be challenged to make a convincing case that combating this crime is essential to public safety and wellbeing.

Advise & consent

The Coalition was a trusted advisor to the fraud-fighting community, bringing to bear a

national breadth of knowledge and insight.

As the longtime consumer advisor to the NAIC’s anti-fraud task force, the Coalition counseled the task force as it approved guidelines for insurers to submit anti-fraud plans to state insurance departments. The guideline awaits full NAIC approval.

The Coalition also worked with NCOIL, the central group for state insurance lawmakers. NCOIL re-endorsed the Coalition’s model law criminalizing recruiting people into staged-crash rings.

The Coalition also regularly advised the Virginia and Louisiana state polices as members of their anti-fraud advisory committees.

Coalition supports Medicare rules

Federal regulators sought to cork the leaking defenses of Medicare and Medicaid, which were making overnight millionaires of swindlers who often had little trouble breaching the taxpayer-funded health programs.

HHS Secretary Kathleen Sebelius asked the Coalition to share the dais when she proposed new rules to block dishonest medical providers from the Medicare and Medicaid systems.

“The new rules give the government more ability to stem the outflow of billions of taxpayer dollars that are stolen

each year by organized crime rings and dishonest medical providers,” the Coalition’s Dennis Jay said at a news conference supporting the January 2011 unveiling of the regulations.

The Coalition also was involved in health-care reform, including the Medical Loss Ratios (MLR). Health reform requires insurers to devote a large percent of premium income to policyholder wellness. Fraud fighting wasn’t included in the ratios, and the Coalition urged state regulators to monitor MRLs to see how health-insurer anti-fraud efforts are affected.

Large human costs lend urgency to fraud fight

Insurance fraud...that abstract white-collar crime. Mostly just glowing digits on computer fraud-loss spreadsheets.

So why worry, right?

Wrong.

Examine the untold thousands of Americans whose lives are harmed by close encounters with insurance fraud.

Many victims face depression, despair and feelings of humiliation. Some lose their life savings, and some die. Our insurance premiums also are forced higher.

Families are torn apart and children traumatized when a parent is jailed for fraud.

Insurance fraud isn't pretty. We're all punished somehow. And that's why we fight.

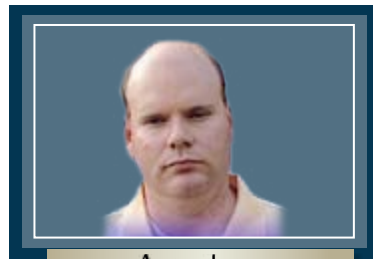
Smoked-out home arson

Burglars broke into Aaron Jones' mansion, tied him up and set the place on fire, he claimed. But the Benton, Ark. man invented the whole story.

Jones had fallen on hard times after making a fortune in real estate. Desperate for cash, he torched his

mansion for a \$1.7-million insurance payday.

But astute investigators pried open his fairytale. Two cans of diesel fuel were found in the ruins. Jones also said he escaped through a glass door. But the fire started near that same door. He would've had to



Aaron Jones

run through a solid wall of flames. Nor were his clothes dirty or grass stained. Jones received 10 years

“Many victims face depression, despair and feelings of humiliation. Some lose their life savings, and some die.”

in prison. But his family also was sentenced.

His kids lost their father. His wife Abby lost her husband. She also had abnormal cells that threatened to become cancer. Jones now can't take care of Abby. And if she develops cancer, the kids probably will be shunted to a foster home.

Unholy auto con

A so-called “Christian” outfit pretended to peddle low-cost auto insurance. But the insurer run by James Kalfsbeek and Donna Jean Rowe was little more than an anti-government fringe group called Puget's Sound Agricultural Society.

The California pair issued fake auto insurance cards saying the coverage was “in compliance with all state laws.” But Puget's Sound actually complied with thievery.

The group stole millions of dollars in premiums and didn't pay many claims. Luckless “policyholders” often were stuck with large bills after getting in accidents and discovering their coverage was worthless.

A Michigan civil court awarded

\$20 million for a crash that killed Fred Coty and left Jill Glover disabled for life. A Puget's Sound member drove the vehicle.

But the sham insurer kindly handed the grieving families a useless "Bill of Exchange" that "authorized" the U.S. Treasury to pay the money.

A Puget's Sound driver hit and severely injured a bicyclist in South Carolina. The "insurer" paid only \$6,000. Kalfsbeek received 10 years in federal prison, and Rowe four years.

Addict drug market

Drug addicts called Dr. Stephen Schneider the "Candy Man." The Wichita, Kans. pain doctor ran a deadly pill mill.

He spooned out powerful, addictive painkillers such as OxyContin to nearly anybody who asked.

His clinic was a drug cafeteria, not a house of healing. Addicts lined up outside his front door, anxiously waiting for insurer-paid fixes that helped them get woozily through each day.

Schneider also wrote dozens of prescriptions for patients even after they'd overdosed and gone to hospital emergency rooms. One addict died after Schneider

prescribed 120 doses of a painkiller for her headaches.

Sixty-eight addicted patients died of overdoses linked to prescriptions Schneider handed out, and 176 overdoses stemmed from his operation, prosecutors contended. But Schneider's sentence was no overdose: He received 30 years in prison.

Chilly child drowning

Little Ashley McLellan's lungs filled with freezing water in the family's backyard swimming pool near Seattle.

Her final, futile gasps for air must have terrified her. But Ashley's stepfather Joel Zellmer didn't care. He drowned her for a \$200,000 life-insurance payout.

Fire fighters found Ashley's wet, unconscious body flopped on the living-room floor.

Zellmer claimed he discovered her floating in the pool. She probably went outside to the deck and somehow slid into the water, he told investigators.

No witnesses saw Zellmer drown her. But astute prosecutors wove a convincing

murder case that earned him 50 years in prison.

Disfigured toddlers

Five-year-old Brandon Dillbeck went for routine tooth cleaning at a dental clinic in North Carolina. But the little guy was trapped for two hours in a tooth-rattling chamber of horrors.

A dentist capped 16 of his teeth with stainless steel after tightly



strapping him to a board so he couldn't struggle. Brandon left the clinic with a frightening mouth of metal.

The dentist stole insurance money by billing for painfully disfiguring surgery that Brandon and other children never needed.

"When he came out he was crying. His whole shirt was soaking in sweat," his mother Christy said. "He whole head was soaking wet and his mouth was full of gauze, just held open." Seven kids had teeth yanked and capped. The clinic owners paid \$10 million to settle.



Ashley McLellan

Investigators thwart crash rings by using persistence, science

Fraud investigators often spend long, lonely hours patiently stitching together clues that unravel well-disguised schemes. It's like assembling fragments of some ancient papyrus.

Using patience, trained instincts and applied science, fraud investigators methodically gather the evidence needed to resist fraudulent claims – and ultimately, to convict. Investigators come from insurers, and government officials such as state fraud bureaus and law enforcement. It's common for them to work cases jointly, thus multiplying the pressure on insurance cheaters.

Two investigators played leading roles in taking down large staged-crash rings in the Tampa, Fla. area last year. One investigator is an insurer employee, the other a public servant.

Crashing staged crashes

For years, the Tampa area was relatively free of staged crashes that infested the Miami region farther south. The Miami rings bled auto insurers with fake injury claims, and

drove up auto premiums.

But that changed. Crash gangs began slithering into Tampa. John



John Halliday

Halliday, an investigator with Sentry Insurance, was among the first to notice.

He spied a disturbing pattern that suggested a large crash ring was working the Tampa area last year.

Multiple passengers were in vehicles with minor damage... Crashes happened in remote, low-traffic areas...The same clinics in the same section of Tampa treated every passenger...treatments all lasted five days...clinic owners had no training in medicine.

Halliday stepped up his investigation. Every crash claim was carefully examined. Halliday personally interviewed more than 100 suspects to glean more evidence.

Halliday also contacted other auto insurers in the Tampa region. They began sharing leads and comparing claim patterns. A large undercover operation was launched. More than 80 arrests followed. Millions of dollars in fraudulent injury claims were successfully challenged.

Bad actors acting worse

Robert Gogolin, a Hillsborough County Deputy Sheriff, had little experience with staged crashes. But the Sheriff patrol officer's honed instincts helped discover and break open one of the largest staged-crash rings in Florida.

A rash of unusual fender benders



Robert Gogolin

began piling up, Gogolin noticed as he arrived at growing numbers of crash scenes.

The crashes were suspiciously alike. Each involved multiple vehicles. The drivers and passengers all were family members or friends.

Nor did the supposed crash victims put on convincing shows. Their groans and moans seemed mechanically rehearsed, and all sounded the same. And the “victims” quickly, and all-too-smoothly, handed responding officers their insurance info, vehicle registrations and driver licenses. Such precision doesn’t normally happen during the confusion of accidents, Gogolin reasoned.

Most of the crashes also were low-speed bumper benders that couldn’t possibly hurt so many car passengers so painfully.

The crashes were pure theater, Gogolin realized.

He mapped the times and dates

of the crashes. Two months of data confirmed his suspicions: A crash gang was operating in his territory. And it was a big criminal outfit.

Gogolin then set in motion a severe body blow to the gang.

He quickly contacted other insurers in the Tampa area. These investigators, too, had noticed the same suspicious crash patterns.

The dots of deceit now were connecting. “Operation Crash for Cash” left the launch pad in a concentrated show of force. Joint investigations started up. Law enforcement and insurers continually shared case information.

Police officers also were taught the warning signs of fraud. They began asking more-detailed questions of passengers at crash scenes. The scrutiny gleaned clues from their comments and how they acted.

Many “victims” were rattled. They confessed at the scene, or shortly after being arrested.

Investigators also built a network of informants who continually supplied leads. The crash ring finally buckled under the relentless pressure. At least 54 suspects were arrested, and shady clinics were shut down.

Interestingly, Gogolin and Halliday unintentionally crossed paths, hunting down many of the same crash suspects.

Honors without asking

Fraud fighters don’t usually seek public acclaim. But sometimes recognition comes to them without asking.

Halliday received the Investigator of the Year Award from the International Association of Special Investigation Units, and Gogolin won the Public Service Award.

Their success reveals how patience, honed instincts and applied science can take down highly resistant insurance schemes.

The stories of Gogolin and Halliday open a small window to the shrewd minds and methods of fraud chasers around the U.S. And a large window to how fraud fighters help keep premiums down, and the public safer.



Coalition will keep making exceptional the norm

Each year the Coalition sets its high goals higher, above the cloud cover. Normalcy is too normal when winning the fraud fight demands the exceptional. To this end, the board of directors adopted ambitious goals for 2011...

Public outreach

Consumers increasingly default to the ether for information that helps drive their opinions – and actions – about fraud. The Coalition is the nation’s must-visit source of online insight. That mission will grow...

- **Increase use** of social media such as *Facebook* and *Twitter*; and
- **Expand the** Coalition’s online



consumer information.

- **Identify emerging** fraud trends then widely alert consumers; and
- **Work to** build public support of anti-fraud efforts in New York and Florida: two of America’s hotbeds for a variety of frauds, especially involving auto insurance.

Government affairs

Auto schemes continue imposing higher premiums on consumers, and large financial losses on insurers in New Jersey, New York and Florida. Thus, much of this year’s legislative work seeks stronger penalties in these states...

- **New Jersey.** Stiffen penalties for drivers who lie about where they garage their vehicles to illegally lower their auto premiums.
 - **New York.** Target recruiters for staged-crash gangs. Also... pursue drivers who evade paying full auto premiums, much like the effort in New Jersey.
 - **Florida.** Increase pressure on staged-crash gangs

by helping launch a statewide grassroots campaign push for new reform laws.

In other government goals:

- **Access to fraud laws.** Develop an online resource center that houses many of the best state fraud laws. This will provide useful models fraud fighters can use for drafting fraud bills. Auto fraud will be a startup focus.
- **Health reform.** Monitor anti-fraud elements of health reform, and work for increased funding and effective implementation of fraud-fighting efforts.

Research

As a leading national hub of fraud research, the Coalition will compile, analyze and disseminate new data that creates a better understanding of fraud trends...

- **Publish annual** study of state fraud bureaus. The study provides one-of-a-kind intelligence into state anti-fraud efforts;
- **Create a** quarterly research panel to uncover trending information.
- **Explore measuring** court-ordered penalties.

Members



Coalition Against
Insurance Fraud

Consumer organizations

American Council on Consumer Interests
Center for Consumer Affairs-University of Wisc.- Milwaukee
Citizen Advocacy Center
Consumer Action
Consumer Alliance
Consumer Federation of America
Consumer Federation of the Southeast
Florida Consumer Action Network
International Association of Lemon Law Administrators
National Association of Consumer Agency Administrators
National Consumers League
National Fraud Information Center
National Urban League

Government organizations

International Association of Insurance Fraud Agencies
Louisiana Auto Theft & Insurance Fraud Prevention Authority
Louisiana State Police
Maryland Automobile Insurance Fund
Massachusetts Department of Industrial Accidents
National Association of Insurance Commissioners
National Conference of Insurance Legislators
National Criminal Justice Association
National District Attorneys Association
North Dakota Insurance Department

Office of Attorney General, Arizona
Office of Attorney General, Pennsylvania
Office of the Cape May (NJ) Prosecutor
Office of Medicaid Inspector General (NJ)
Pennsylvania Insurance Fraud Prevention Authority
Rhode Island Workers' Compensation Fraud Unit
San Diego County (Calif.) District Attorney
Virginia State Police

Insurance organizations

AIPSO
Allstate Insurance Company
American Family
American Insurance Association
Amtrust North America
BlueCross BlueShield Association
Citizens Property Insurance Corporation
CNA
Country Insurance
Direct General Insurance
Erie Insurance
Farmers Insurance Group
First Acceptance Insurance
GEICO
HealthCare Insight
IAT Group of Companies
International Association of Special Investigation Units
John Hancock Financial Services

Kentucky Employers' Mutual Insurance
Liberty Mutual Group
Life Insurance Settlement Association
Mass Mutual
MetLife
National Health Care Anti-Fraud Association
National Insurance Crime Bureau
Nationwide Insurance Company
New York Automobile Insurance Plan
Oklahoma Insurance Department
OneBeacon Insurance
Pinnacol Assurance
Progressive Insurance
Property Casualty Insurers Association of America
Prudential Insurance
Selective Insurance
Sentry Insurance
State Farm Insurance Companies
Swiss Re
The Hanover Insurance Group
The Hartford
The Standard
The Travelers
Unum Group
West Bend Mutual
Zurich North America

Fraud resource organizations

Claims Verification, Inc.
Etico, LLC
FICO

Frasco
G4S Compliance & Investigations
Global Options
Hub Enterprises
ICS Merrill
ISG
ISO
LexisNexis
Llorente SIU
SAS Institute, Inc.
Sedgwick (formerly Factual Photo)
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